

Classifying and Measuring Agricultural Support: OECD and WTO

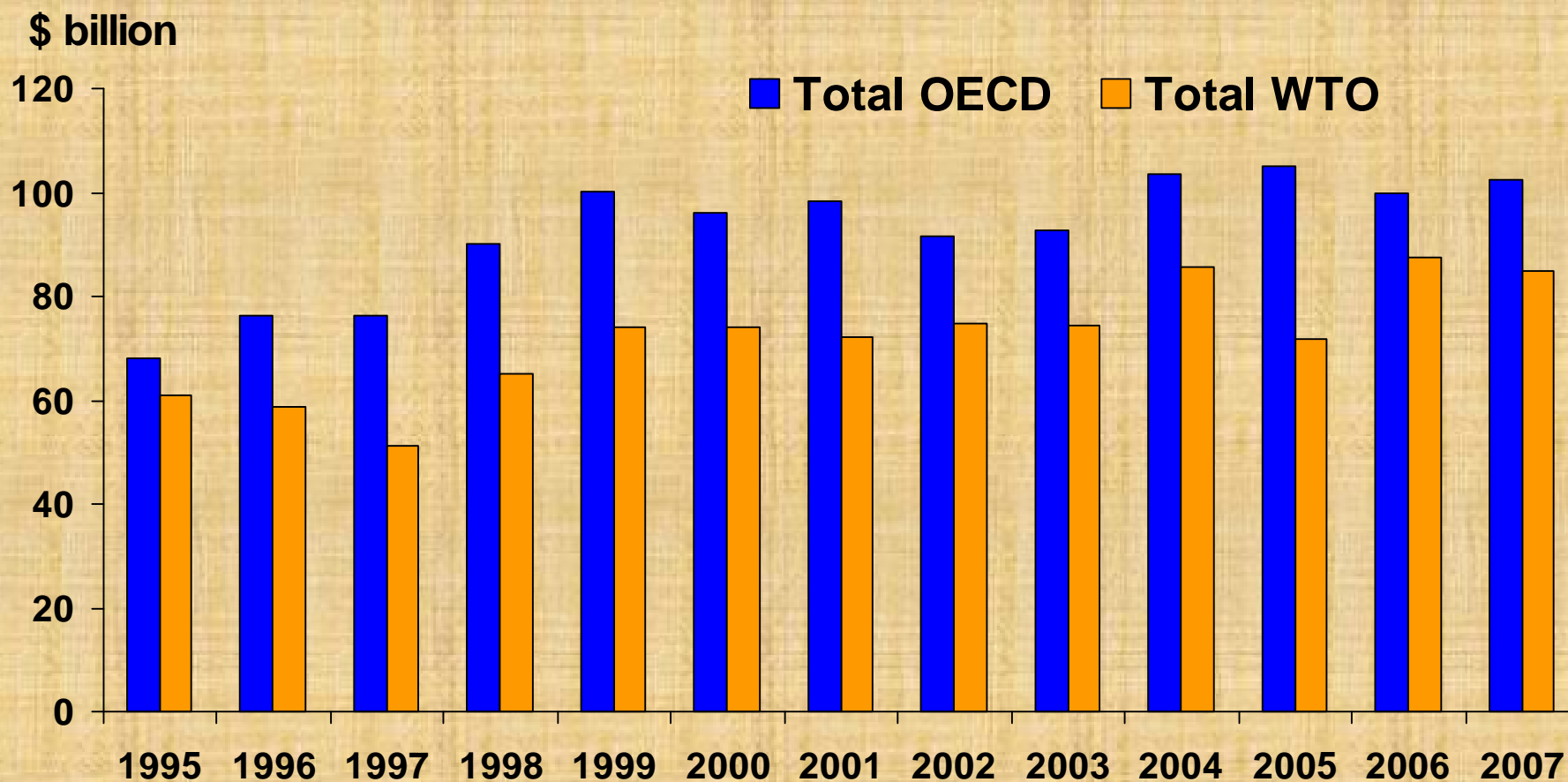


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Comparing the WTO and OECD domestic support measurement systems

	OECD	WTO
Purpose	Facilitate <ul style="list-style-type: none">•policy dialogue•reform	Evaluate <ul style="list-style-type: none">•observance of trade agreements
Method	Measure <ul style="list-style-type: none">•transfers to producers•based on implementation criteria	Measure <ul style="list-style-type: none">•support to producers•based on agreed methodology
Outcomes	Comparative M & E <ul style="list-style-type: none">•policy progress•research database	Assess adherence to reduction commitments

US OECD Total Support Estimate versus WTO Total Domestic Support

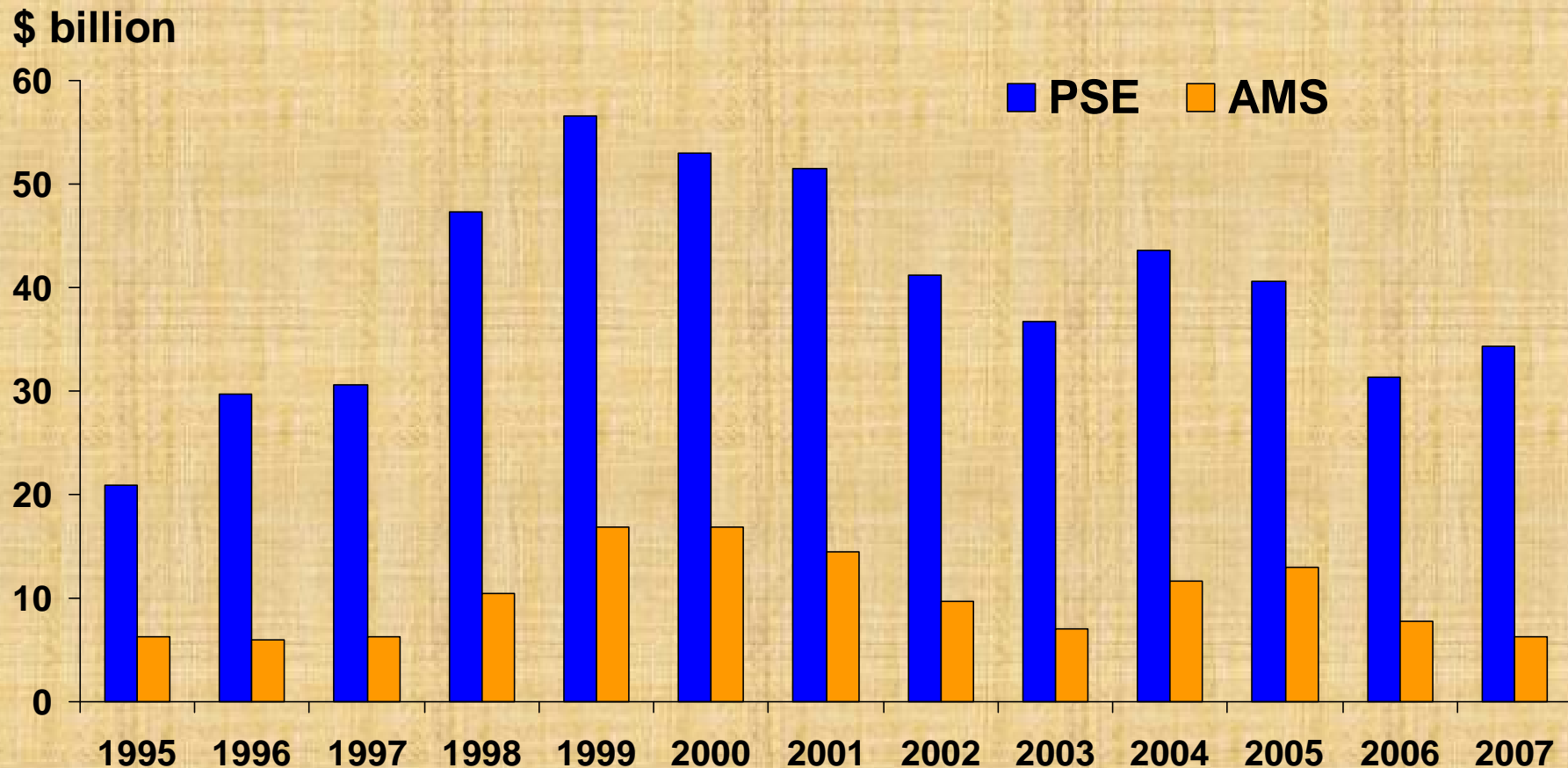


Source: OECD Producer and Consumer Support Estimates Database, 1986-2008; ERS US WTO domestic support reduction commitments and notifications data set.

Mapping between the OECD & WTO systems

- **Many differences**
 - **Many green box programs are included in the OECD Producer Support Estimate (PSE)**
 - e.g., environmental payments, technical assistance, decoupled income support, disaster relief, credit programs
 - **Some programs included in the PSE & GSSE are not part of the WTO domestic support calculation**
 - e.g., foreign food aid, border measures
 - **Market price support**
 - fundamentally different measurement methods

US OECD Producer Support Estimate (PSE) versus WTO Aggregate Measurement of Support (AMS)

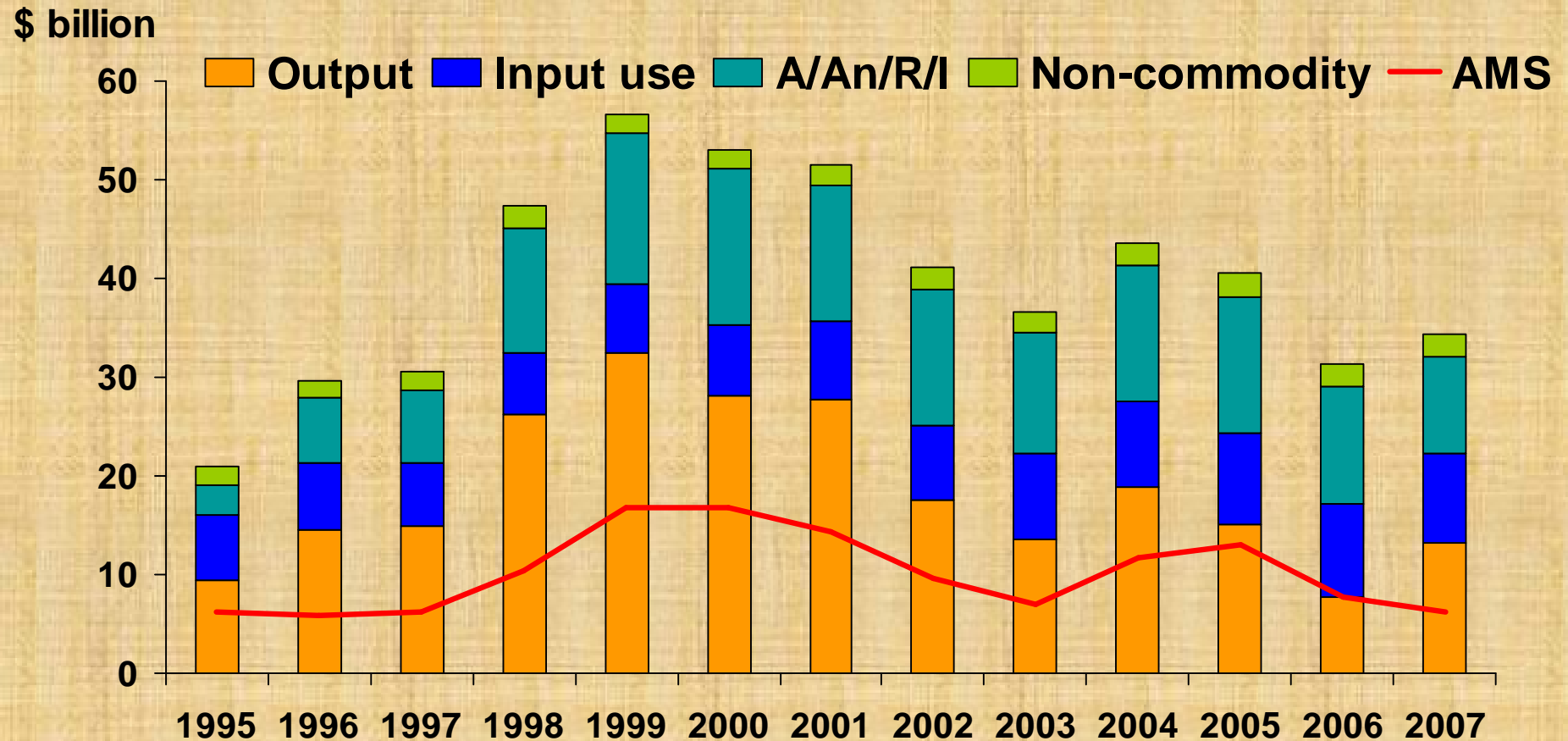


Source: OECD Producer and Consumer Support Estimates Database, 1986-2008; ERS US WTO domestic support reduction commitments and notifications data set .

What's behind the difference?

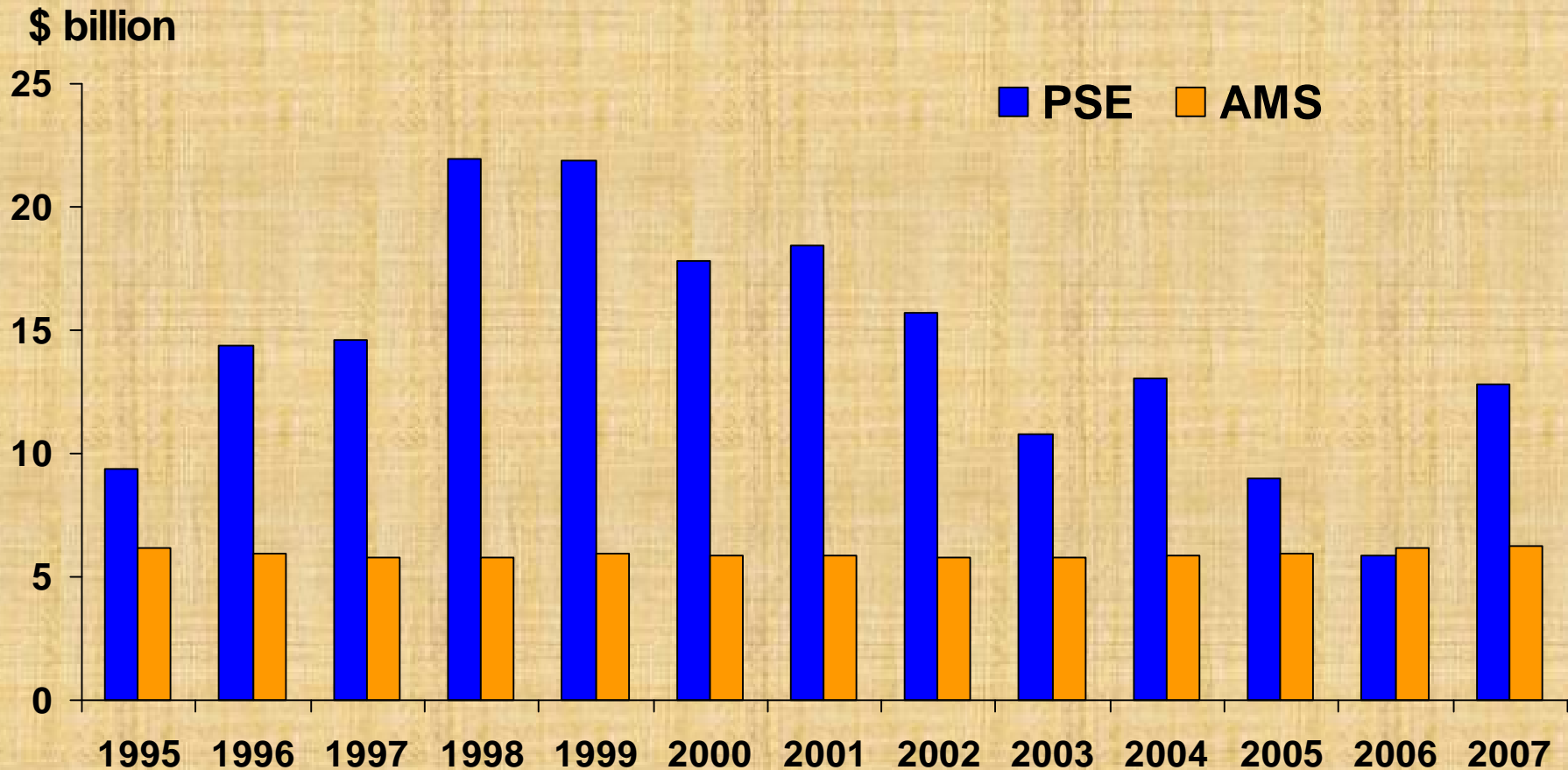
PSE	AMS
<ul style="list-style-type: none">• Support based on commodity output• Payments based on input use• Payments based on Area/Animal/Receipts/Income (A/An/R/I)• Payments based on non-commodity criteria	<ul style="list-style-type: none">•Product specific support•Non-product specific support•De minimis

US PSE category shares and AMS level



Source: OECD Producer and Consumer Support Estimates Database, 1986-2008; ERS US WTO domestic support reduction commitments and notifications data set.

US Market Price Support



Source: OECD Producer and Consumer Support Estimates Database, 1986-2008; ERS US WTO domestic support reduction commitments and notifications data set.

Examples comparing OECD & WTO classification of commodity programs

	OECD	WTO
Marketing assistance loan program	PSE, support based on commodity output (output payments)	AMS, product specific support
Counter-cyclical payments	PSE, A/An/R/I (non-current, production not required)	AMS, non-product specific support

Examples comparing OECD & WTO classification of environmental programs

	OECD	WTO
Conservation technical assistance	PSE, payments based on input use (on-farm services)	Green box, general services
Environmental quality incentives program	PSE, payments based on input use (fixed capital formation)	Green box, environmental payments
Conservation reserve program	PSE, payments based on non-commodity criteria (long-term resource retirement)	Green box, environmental payments

Examples comparing OECD & WTO classification of other programs

	OECD	WTO
Food stamp program	CSE, transfers from consumers to taxpayers (non-commodity specific) GSSE, marketing and promotion (domestic food assistance programs)	Green box, domestic food assistance aid
Renewable energy program	GSSE, infrastructure	Green box, general services

Final thoughts

- **OECD and WTO domestic support classification systems address the same question, but from different perspectives**
- **Time lags in availability of data encourage attempts to map from one to the other**
- **Careful attention to the sources of difference can prevent potential errors and misuses**